

NOTICE OF RELOCATION OF GAMBLING ESTABLISHMENT

CGCC-GCA-2012-04-R

COMMENTS AND RESPONSES FOR PROPOSED REGULATIONS

45-DAY WRITTEN COMMENT PERIOD ENDING OCTOBER 1, 2012

The following written comments/objections/recommendations were received regarding the text or the proposed action during the 45-day comment period that commenced August 17, 2012 and ended October 1, 2012:

A. ADOPT SECTION 12364. RELOCATION OF GAMBLING ESTABLISHMENT.

This proposed action would establish new Section 12364 within Article 7. Section 12364 would require cardrooms to notify the Bureau of Gambling Control (Bureau) of any pending relocation of facilities, define what relocation is and provides requirements for relocation.

1. Subsection (a), would define a “physical relocation” to be the relocation of a gambling establishment to a site for which a different parcel number has been assigned by the county assessor.

- a. **Alan Titus, for Artichoke Joe’s:** Mr. Titus, expressed concerns that the original proposed definition of “relocation” was broader than was intended by the Commission; specifically that it would cause larger establishments that are only moving within their current multi-parcel lot to be subject to relocation rules. The following text was suggested:

(a) For the purposes of this Section, “relocation” means the physical relocation of a gambling establishment, including the buildings, grounds and parking lots from one site consisting of one or more contiguous parcels ~~location~~ to another site, consisting entirely of different parcels ~~location for which a different parcel number has been assigned by a county assessor.~~ Relocation does not include expansion where a portion of the operation continues to be conducted on the old site.

- b. **Keith A. Sharp, for Hawaiian Gardens Casino (HGC):** Mr. Sharp generally questions the necessity of these regulations and asserts that relocations are purely a matter of local regulation. Mr. Sharp expressed that the proposed text needlessly includes gambling establishments that occupy numerous parcels and simply desire to relocate within their current space. It is also unclear if “relocation” would include an addition to an existing gambling establishment. He suggested that the definition

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should clarify that it is limited to the physical movement of the entire gambling establishment to another location and does not include additions such as remodeling.

Recommended Response (a and b): These comments were accepted and the proposed action is modified as follows to accommodate them:

(a) For purposes of this section,

(2) “Relocation” means the physical relocation of a gambling establishment, including the buildings, grounds and parking lots, from one ~~location~~ site consisting of one or more contiguous parcels to another ~~location~~ site, consisting entirely of different parcels ~~for which a different parcel number has been assigned by a county assessor.~~ Relocation does not include the addition of new, contiguous parcels to the current site or modification of existing buildings.

2. Subsection (b) requires an owner-licensee to notify the Bureau of a planned physical relocation of a gambling establishment at least 90 days in advance of the intended commencement of gambling operations, using a newly created form, CGCC-050 (New 06/12).

- a. **Martin J. Horan, IV, Acting Chief, Bureau:** Mr. Horan requests that the regulations, in addition to the reference in proposed form CGCC-050, “Notice of Relocation,” refer to Title 11, California Code of Regulation, Section 2037(a)(1)(J).

Recommended Response (a): This recommendation is rejected. Specific reference to the deposit is already included in form CGCC-050. Additional reference in the regulation text would be unnecessary and redundant.

3. Subsection (b), paragraph (1) requires the submittal of basic information from the owner-licensee, plus copies of business documents such as rental or lease agreement, fire safety and evacuation plan, security and surveillance plan, local jurisdictional approvals and any other state or federal approvals that may be required.
 - a. **Martin J. Horan, IV, Acting Chief, Bureau:** Mr. Horan requests the addition of a time frame to the submittal requirements because without a time frame there is no assurance that the Bureau will have sufficient time to fully review and accept the documentation prior to the commencement of gambling operations.
 - b. **Keith A. Sharp, for HGC:** Mr. Sharp requests that approvals required to be submitted be limited to just those related to gambling operations. He notes that approvals such as food and beverage permits should not hold up gambling operations even if it holds up the operations of other parts of the business.

Recommended Response (a and b): These comments were accepted. A time frame of 30 days prior to either the commencement of gambling operations or a site visit by the Bureau has been included to address Mr. Horan's request. This time frame should provide the Bureau with a reasonable amount of time to conduct a review of the specified documents. To address Mr. Sharp's concern, subparagraph (E) has been further clarified to show it has a separate timeline than paragraphs (A) through (D). The documentation required by subparagraph (E) does not have to be provided prior to the commencement of gambling operations. The proposed action is modified as follows:

(1) If the new location is more than 1,000 feet from any boundary line of its governing local jurisdiction, the owner-licensee shall ~~except as otherwise provided~~, submit to the Bureau all of the following information and documents, of which the information and documents specified in subparagraphs (A) through (D) inclusive are to be submitted no later than thirty (30) days prior to either the commencement of gambling operations or the Bureau's a site visit conducted pursuant to subsection (d), whichever first occurs:

...

(E) Documentary evidence of the issuance to the licensee of all required approvals, licenses and permits, other than those specifically relating to gambling operations, by any applicable state or federal agency concerning the new location; e.g., liquor licenses, check cashing permits, etc. These documents are not required to be submitted prior to the commencement of gambling operations or the Bureau's site visit pursuant to subsection (d), but must be ~~received by~~ submitted to the Bureau prior to the commencement of the associated activity.

4. Subsection (b), paragraph (2) addresses circumstances in which the new location of the gambling establishment will be within 1,000 feet of the boundary line of the local jurisdiction. The owner-licensee would be required to obtain the signature of the appropriate official in the appropriate agency or department in the neighboring jurisdiction confirming that the neighboring jurisdiction has no objections to the proposed location of the gambling establishment.

If the neighboring jurisdiction objects, the regulation requires the objection to be based upon evidence of probable negative effects resulting from the location of the gambling establishment or proof that the legitimate interests of the residents in the neighboring jurisdiction are threatened.

- a. **Alan Titus, for Artichoke Joe's:** Mr. Titus expressed concern that obtaining consent of a neighboring jurisdiction could be difficult. It was suggested that licensee be required to give notice to any neighboring jurisdictions and provide them the opportunity to object. Mr. Titus also expressed concerns over what objections would be considered "legitimate". He indicates that the largest single factor that impacts the neighboring jurisdiction is the size of the cardroom. Mr. Titus suggests that size should determine the type of objections that can be raised and who has the burden of proof. For Tier I or II cardrooms, the neighboring jurisdiction's concerns should be limited to location, concentration and impact on law enforcement. For bigger cardrooms, negative effects are more likely and any issue should be heard. Tier IV or V cardrooms should have the burden of proof to establish that a neighboring jurisdiction's objections are invalid, while for cardrooms in the lower Tiers the burden should be on the neighboring jurisdiction.
- b. **David Fried – California Gaming Association (CGA):** Mr. Fried expressed concern regarding the difficulty for a business in one city to get an "affirmative" vote from a neighboring jurisdiction. Mr. Fried suggests revisions to have the gambling establishment provide a written notice to the neighboring jurisdiction and allow the neighboring jurisdiction to decide whether to file written objections under a specified timeline within which a licensee and neighboring jurisdiction must discuss any concerns of the neighboring jurisdiction. The following suggested timeline was provided:
 - 120 days before move: Licensee must contact neighboring jurisdiction
 - 90 days before: Notice Bureau and Commission, with copy of notice to neighboring jurisdiction
 - 75 days before: Deadline for neighboring jurisdiction to file objections
 - 45 days before: Commission holds hearing on any objections

Establishments already within 1,000 feet should be exempt from this requirement. Also, the language reflecting what the neighboring jurisdiction should be allowed to object to should be limited to "why the host jurisdiction's regulation is inadequate to protect the health, safety or welfare of citizens of the neighboring jurisdiction."

- c. **Keith A. Sharp, for HGC:** Mr. Sharp expressed, subject to his general rejection of these regulations as unneeded, concern that receiving approval from neighboring jurisdictions can be an impossible task as is not to the benefit to the neighboring jurisdiction to issue concurrence. The following three fixes were suggested:

- First, require one government entity/jurisdiction to provide another entity/jurisdiction with written notice and opportunity to lodge concerns or objections. The recipient would be required to file such objections within the stated time period with the Commission and the Bureau. A hearing would be required to be held expeditiously, if the objections meet the necessary threshold.
 - Second, exempt the gambling establishment from the requirements of paragraph (2) of subsection (b) if it is within 1,000 feet of a neighboring jurisdiction. Alternately, if the Commission believes that such an exception is not acceptable, establish a standard to require the gambling establishment to comply with the regulations if it moves more than 500 feet closer to the boundary.
 - Third, exempt the gambling establishment if it engages in a process that otherwise provides neighboring cities with notice and an opportunity to be heard regarding any issues or objections, such as the preparation of an environmental impact report in connection with the relocation. As judicial redress is available for cities that continue to object, it is unnecessary to provide neighboring cities with another opportunity to object and defeat the relocation.
- d. **Jeffrey Sinsheimer, for Bay 101:** Mr. Sinsheimer expressed concern that the burden should be put on the neighboring jurisdictions to object to the relocation and to demonstrate that the probable negative effects of the relocation harm residents. Without this placement of the burden, Mr. Sinsheimer expressed concern that the regulations could cause an indefinite delay in the commencement of gambling activities. Mr. Sinsheimer suggests that the regulations be revised to provide a fair process with concrete deadlines based on the standards of the Gambling Control Act.
- 180 days before commencement of gambling operations: The licensee must provide notice to the neighboring jurisdiction if it plans to locate within 1000 feet of the neighboring jurisdiction.
 - 150 days before: The neighboring jurisdiction must apply to the Commission to stop the commencement of gambling activities.
 - 120 days before: The Commission must hold a public hearing to determine merits of the application. The burden is on the neighboring jurisdiction to show that the gambling activities are inconsistent with the Gambling Control Act.
 - 60 days before: The Commission is required to issue its findings on the merits of the neighboring jurisdiction's application.

Recommended Response (a, b, c and d): These comments were accepted and the proposed action is modified as follows to accommodate them:

(2)(A) If the new location is 1,000 feet or less from any boundary line of its governing local jurisdiction, the owner-licensee shall, in addition to the documentation required by paragraph (1), and prior to the commencement of gambling operations, submit ~~signed~~ documentation from the appropriate agency or department in the neighboring jurisdiction confirming that the agency or department has no objections to the planned location of the gambling establishment.

(B) As an alternative to obtaining advance confirmation, the licensee may submit to the appropriate agency or department in the neighboring jurisdiction, a copy of its Notice of Relocation concurrent with the submission to the Bureau. The licensee shall provide the Bureau with proof of submission of the notice to the neighboring jurisdiction. The copy of the notice submitted to a neighboring jurisdiction shall be accompanied by a written statement from the licensee which, at a minimum, shall include the following information:

“The appropriate agency or department of [name of neighboring jurisdiction] may submit objections to the proposed relocation of [name of gambling establishment] to the Bureau of Gambling Control, at Post Office Box 168024, Sacramento, CA 95816-8024. Any objections to the proposed location must be received by the Bureau within 45 days of the date of this notice and must be based upon evidence of probable negative effects resulting from the gambling establishment’s relocation or proof that the legitimate interests of residents in the neighboring jurisdiction are threatened. ~~For purposes of this section, “neighboring jurisdiction” means any other adjoining jurisdiction whose common boundary line with the governing local jurisdiction is 1,000 feet or less from the proposed new location of the gambling establishment.~~

(C) This paragraph does not apply to a gambling establishment that is all of the following:

1. Already located 1,000 feet or less from any boundary line;
2. After the relocation, it will continue to be within 1,000 feet of same neighboring jurisdiction;
3. Any reduction in distance is less than half of the current distance from the same boundary line; and,
4. Any distance moved parallel to the boundary line is less than half of the current distance from the same boundary line.

(c)(1) If an owner-licensee ~~cannot obtain the signed~~ does not provide documentation from a neighboring jurisdiction as provided in required by subparagraph (A) of paragraph (2) of subsection (b), and the Bureau receives objections to the relocation from a neighboring jurisdiction, the gambling establishment shall not be relocated without Commission review. ~~To request Commission review, the owner-licensee shall submit the Notice of Relocation form to the Bureau and so indicate. A document describing all efforts made to obtain the confirmation specified in paragraph (2) of subsection (b) shall be included with the request.~~ The Bureau shall forward the relocation ~~review request shall be forwarded~~ notice to the Commission within 10 days of ~~its~~ receipt ~~by the Bureau~~ of objections from any neighboring jurisdiction for placement on a Commission agenda for consideration. The Commission shall notify the objecting neighboring jurisdiction, the Bureau, and the licensee of the time and place of the Commission hearing at least 10 days prior to the hearing in order for all parties ~~representatives of that jurisdiction~~ to have the opportunity to attend and be heard.

(2) If an owner-licensee obtains documentation from a neighboring jurisdiction as provided in paragraph (2) of subsection (b), or if the Bureau does not receive timely objections to the relocation from a neighboring jurisdiction, no Commission review shall be required and

the Bureau may proceed as if paragraph (2) of subsection (b) did not apply.

5. Subsection (d), proposes that the Bureau will perform a site visit at the new location no later than 30-days after the commencement of operations and notes what the Bureau should review and how any inconsistencies should be addressed. The proposal offers two options for public comment which differ in the extent of the Bureau's review, the time frame for the review, and in the potential actions for deficiencies.
 - a. **Alan Titus, for Artichoke Joe's:** Mr. Titus suggested that any regulation for site review for relocation should be the same or similar to any site review required for new locations. Mr. Titus noted that there are currently no existing regulations requiring site review for new locations. He suggested that this item be addressed instead in a new rulemaking file that includes regulations for both relocation and initial locations.

Recommended Response (a): This recommendation is rejected. While we agree that a site review should be considered for an initial location, it is not necessary to withdraw this subsection of the proposed regulations. These proposed regulations deal specifically with relocations. If the Commission were to consider adopting requirements for a site visit for initial gambling establishment locations that could be done separately. However, the current moratorium on the issuance of new gambling licenses makes this unnecessary. Currently, the only initial licenses issued by the Commission are for the purchasers of existing cardroom businesses that already occupy existing gambling establishments. If the existing establishment is to be relocated as the result of a sale, this regulation would address the issue of a site visit. There is no immediate need to address site visits for initial locations, as the moratorium is in place.

- b. **Martin J. Horan, IV, Acting Chief, Bureau:** Mr. Horan made a recommendation for an Option 3 that would require an investigative analysis of the documents submitted pursuant to paragraph (1) of subsection (b) and would provide for two site visits, one before commencement of gambling operations and one within 30 days after the commencement of gambling operations. Mr. Horan's suggestion would prevent the commencement of gambling operations until all approvals have been obtained and all deficiencies have been corrected.

“(d)(1) The Bureau shall conduct a relocation investigative analysis of the documents required in subdivision (b)(1)(A)-(D). The Bureau will schedule and conduct a site visit prior to the commencement of gambling operations at the new location and within 30 days after the commencement of gambling operations, to ensure at a minimum that the following internal controls meet the requirements of Article 3 of Chapter 7:

- (A) Drop and drop collection, pursuant to Section 12384;
- (B) Count and count room functions, pursuant to Section 12385;
- (C) Cage functions, pursuant to Section 12386;
- (D) Security, pursuant to Section 12395; and,
- (E) Surveillance, pursuant to Section 12396.

(2) If the Bureau notes any deficiency in the internal controls listed in subparagraphs (A) through (E) or any other deficiencies in compliance with laws and/or regulations which would materially threaten public safety or the integrity of gaming, it shall issue a notice to the owner-licensee of describing the nature of the deficiency. The notice shall specify a reasonable time in which the deficiency is to be corrected. Failure to correct or otherwise mitigate the deficiency to the satisfaction of the Bureau may be considered during the license renewal process and/or may result in disciplinary action under Chapter 10 of this division.

(e) No gambling operations may be conducted at any new location until all the require approvals have been obtained and the provisions of subsections (b), (c), if applicable, and (d) have been complied with, and any noted deficiencies pursuant to relevant statues have been corrected.”

Recommended Response (b): Mr. Horan submitted Option 3 for the Commission's consideration as a compromise between Option 1 and Option 2. This recommendation is accepted, in part, and considered in the modifications of subsection (d), in staff's proposed Option 4. Option 4 is an attempt to further refine these provisions and to address the concerns of other comments (see recommended response to No. 6 (a, b, and c). We note that Option 3 would require the Bureau to conduct a "relocation investigative analysis" (undefined) of documents required in subdivision (b)(1)(A)-(D). While we acknowledge that the Bureau will need to analyze some of these documents, this is an internal process and we do not believe that it is necessary to specifically reference this within the regulation. Option 3 would also require the Bureau to conduct a site visit before the gambling operations commence at the new location *and* within 30 days after gambling operations commence. As the Bureau currently has the authority to conduct compliance reviews after gambling operations commence, it is not necessary to reference a second site visit in the regulation.

(d)(1) The Bureau shall schedule and conduct a site visit prior to the commencement of gambling operations at the new location or within 30 days after the commencement of gambling operations. A written report of the findings of the site visit shall be provided to the Commission, as well as any follow-up reports. The Bureau's site visit report shall include determinations regarding compliance with, at a minimum, the following internal control requirements of Article 3 of Chapter 7:

(A) Drop and drop collection, pursuant to Section 12384;

(B) Count and count room functions, pursuant to Section 12385;

(C) Cage functions, pursuant to Section 12386;

(D) Security, pursuant to Section 12395; and,

(E) Surveillance, pursuant to Section 12396.

(2) If the Bureau notes any deficiency in compliance with laws or regulations, including but not limited to, a deficiency in the internal controls listed in paragraph (1), it shall issue a notice to the owner-licensee to correct the deficiency. The notice shall describe each deficiency and specify a reasonable time in which the deficiency is to be corrected. The commencement of gambling operations shall not be delayed nor the operation suspended unless the deficiency prevents substantial compliance with laws or regulations and

materially threatens public safety or the integrity of the gambling operation, and the deficiency cannot be corrected or mitigated within a reasonable time. Any action to suspend gambling operations under this section shall be taken pursuant to Business and Professions Code section 19931. Failure to correct or otherwise mitigate the deficiency may be considered during the license renewal process and may result in disciplinary action under Chapter 10 of this division.

(e) No gambling operations may be conducted at any new location until the provisions of subsections (b) and, if applicable, (c), have been complied with.

6. Subsection (d), Option 1, requires the Bureau to schedule and conduct a site visit of the new location prior to the commencement of gambling operations or within 30 days after commencement. The Bureau is required to issue a report, as well as notices to correct any deficiencies. There are also limits to the circumstances under which a noted deficiency can delay or suspend the commencement of gambling operations.
 - a. **Jeffrey Sinsheimer, for Bay 101:** Mr. Sinsheimer states that any licensee involved in relocation already has experience complying with the Gambling Control Act and gambling regulations and should be able to commence gambling operations prior to the Bureau's visit. Therefore, Option 1 is preferred over Option 2.
 - b. **David Fried, for CGA:** Mr. Fried states that gambling operations should be delayed only if there is a material problem in the new facility. Option 1 still leaves it to the Bureau to determine which problems are material versus trivial, but this is preferred over automatically deferring gambling operations. Therefore Option 1 is preferred over Option 2.
 - c. **Keith A. Sharp, for HGC:** Mr. Sharp states, that subject to his general rejection of these regulations as unneeded, Option 1 is preferred over Option 2, as Option 1 provides flexibility in remedying minor deficiencies without delaying gambling operations.

Recommended Response (a, b and c): These recommendations are accepted, in part, and considered in the modifications of subsection (d), in Staff's proposed Option 4 above.

7. Subsection (d), paragraph (2) option 1, requires the Bureau to issue a notice to correct any noted deficiency, specifying a reasonable time in which the deficiency is to be corrected. This paragraph also limits the circumstances under which a noted deficiency can delay or suspend the commencement of gambling operations.

- a. **Martin J. Horan, IV, Acting Chief, Bureau:** Mr. Horan requests the word “substantial” be removed, as otherwise it would allow gambling establishments who are not in compliance to continue operations. He offered the following suggested revisions:

(d)(2) If the Bureau notes any deficiency, it shall issue a notice to correct the deficiency. The notice shall specify a reasonable time in which the deficiency is to be corrected. The commencement of gambling operations shall not be delayed nor the operation suspended unless the deficiency prevents ~~substantial~~ compliance with laws or regulations and materially threatens public safety or the integrity of the gambling operation, and the deficiency cannot be cured or mitigated within a reasonable time. Failure to correct or otherwise mitigate the deficiency may be considered during the license renewal process and may result in disciplinary action under Chapter 10 of this division.

Recommended Response (a): This recommendation is rejected. The intent is to allow gambling operations to continue while any minor deficiencies are being addressed. It is not the intent to stop gambling operations for items that don’t seriously endanger the public’s health, safety or general welfare or the integrity of the gambling operations. To clarify this point the following modification is proposed:

(2) If the Bureau notes any deficiency in compliance with laws or regulations, it shall issue a notice to the owner-licensee to correct the deficiency. The notice shall describe each deficiency and specify a reasonable time in which the deficiency is to be corrected. The commencement of gambling operations shall not be delayed nor the operation suspended unless the deficiency prevents substantial compliance with laws or regulations and materially threatens public safety or the integrity of the gambling operation, and the deficiency cannot be ~~cured~~ corrected or mitigated within a reasonable time. Any action to suspend gambling operations under this section shall be taken pursuant to Business and Professions Code section 19931.

Failure to correct or otherwise mitigate the deficiency may be considered during the license renewal process and may result in disciplinary action under Chapter 10 of this division.

8. Subsection (d), paragraph (1), Option 2 requires the Bureau to conduct a site visit of the new location prior to the commencement of gambling operations to ensure that specified internal controls meet existing regulatory standards.

- a. **Martin J. Horan, IV, Acting Chief, Bureau:** Mr. Horan expressed concern that the specific list of minimum internal controls would limit any Bureau review to only those items and prevent them from commenting on any other issues that may be observed. He offered the following suggested revisions:

(d)(1) The Bureau shall schedule and conduct a site visit prior to the commencement of gambling operations at the new location to ensure at a minimum that the following internal controls meet the requirements of Article 3 of Chapter 7:

...

(2) If the Bureau notes any deficiency in the internal controls listed in subparagraphs (A) through (E) or any other deficiencies with laws or regulations which would materially threaten public safety or the integrity of gaming, it shall issue a notice to the owner-licensee of the nature of the deficiency. Gambling operations may not begin until ~~any~~ all documented deficiencies have been corrected ~~addressed~~.

Recommended Response (a): This recommendation is accepted in part. It is not the intent to limit the Bureau's review. The following modification is proposed:

(d)(1) The Bureau shall schedule and conduct a site visit prior to the commencement of gambling operations at the new location to ensure at a minimum that the following internal controls meet the requirements of Article 3 of Chapter 7:

...

(2) If the Bureau notes any deficiency in compliance with laws or regulations, including but not limited to, a deficiency in the internal controls listed in subparagraphs (A) through (E) paragraph (1), it shall issue a notice to the owner-licensee ~~of the nature of to~~ correct the deficiency. The notice shall describe each deficiency and specify a reasonable time in which each deficiency is to be corrected. Gambling operations may not begin until ~~any all~~ deficiencies that prevent substantial compliance with laws or regulations and materially threatens public safety or the integrity of the gambling operation have been ~~addressed~~ corrected or mitigated.

9. Subsection (e), not option specific, states that gambling operations may not be conducted at the new location until the required notifications and reviews have been completed.
- a. **Keith A. Sharp, for HGC:** Mr. Sharp notes, subject to his general rejection of these regulations as unneeded, that “all the required approvals” is confusing and unnecessary, and requests clarification if this means all approvals related to the new location (including non-gaming approvals) before gambling operations can commence.

Recommended Response (a): These comments were accepted and the proposed action is modified as follows to accommodate them.

If Option 1 is adopted:

(e) No gambling operations may be conducted at any new location until ~~all the required approvals have been obtained and~~ the provisions of subsections (b) and, if applicable, (c) have been complied with.

If Option 2 is adopted

(e) No gambling operations may be conducted at any new location until ~~all the required approvals have been obtained and~~ the provisions of subsections (b), (c), if applicable, and (d) have been complied with.

10. Subsection (g) provides for penalties for failing to notify the Commission and Bureau of a change in address even if not intending on immediately implementing gambling operations at the new location.

- a. **Keith A. Sharp, for HGC:** Mr. Sharp notes that, subject to his general rejection of these regulations as unneeded, that the reference to notifying the Bureau of “any change pursuant to this section” is confusing and unnecessary. He further notes that this section may be redundant due to (e).

Recommended Response (a): These comments were accepted and the proposed action is modified as follows to accommodate them:

(g) Failure to timely ~~notify~~provide notice to the Bureau as required by subsection (b)~~of any change pursuant to this section~~ shall constitute a ground for disciplinary action under Chapter 10 of this division.

11. The following additional comments were received about the general nature of the regulatory proposal, but not directly linked to any specific sections.

- a. **Jeffrey Sinsheimer, for Bay 101:** Mr. Sinsheimer proposes that it is the public interest that the Bureau certifies that a proposed site for relocation conforms to state law. This would assist a licensee’s decision making process about where to relocate and help licensees procure financing for construction of a gambling establishment that complies with all state and local laws. The following regulatory language is proposed:

An owner-licensee may notify the Commission and the Bureau of its intent to relocate its gambling establishment at any time in advance of the intended relocation on the form entitled “Notice of Intent to Relocate,” CGCC-____ (New ____), which is attached in Appendix ____ to this Chapter. Within 90 days of receipt of the form, the Commission and the Bureau shall determine whether the site proposed for relocation complies with all state law requirements and transmit that determination to the owner-licensee. If either the Commission or the Bureau finds that the site proposed for relocation does not comply with state law requirements it will release its findings for fact and law to the owner-licensee.

The Commission would be authorized to delegate this authority to the Executive Director in lieu of hearing each proposed site.

Recommended Response (a): This recommendation is rejected. It is not the desire or in the authority of the Commission to make the determination that a location meets all state requirements. It is within the authority to make determinations as they relate to gambling operations, which is expressed in the proposed regulations.

- b. **Keith A. Sharp, for HGC:** Mr. Sharp suggests that this regulatory package represents “regulatory creep” and questions the necessity of these regulations and the wisdom of the state in inserting itself into a matter which is clearly and historically a matter of local regulation. The state should not be involved in local zoning decisions, or as an arbiter between local jurisdictions. These regulations do not further game integrity nor help ensure a licensee is free from criminal or unsavory associations. There is no regulatory reason to set in place potentially costly regulations that could delay relocations and allow a neighboring jurisdiction to potentially hold a gambling establishment hostage in order to extract some economic or other advantage.

Recommended Response (b): This recommendation is rejected. Multiple sections of the Gambling Control Act allow authority for the proposed regulatory requirements, including; 19801(l), 19824, 19841(p) and 19862. The intent of the regulations is to provide a means for a gambling establishment to operate without being restricted unnecessarily by a local jurisdiction by providing a clear path of mediation in the event of an impasse.

The Commission has made an initial determination that these regulations would not have a significant adverse economic impact on businesses. This regulation changes the current process of a mandatory hearing and review before the Commission for all relocations to a simple process of notification to the Bureau, in most cases, and a review only if a neighboring jurisdiction files objections. Under the existing practice, there is no guarantee that the Commission will approve the new location, but under this proposal much of that uncertainty has been removed. Even when a review by the Commission is required, it would not differ significantly in terms of cost from the current process. It is anticipated that this review would be sought before the owner-licensee invested a significant amount of money in a new location.

There were no further comments, objections or recommendations received within the initial 45-day public comment period regarding the proposed action.